

\$515 Prime Gross Effective Rents (sqm pa)

15.6% Y-o-Y Premium Gross Effective Rent growth

\$380 B-grade Gross Effective Rents (sqm pa)

ECONOMIC OVERVIEW

Financial and economic data for Q3 suggest a 'soft landing' for the Australian economy. Although economic growth has slowed, it remains positive. Meanwhile, inflation remains above the Reserve Bank of Australia's target band of 2% to 3%. Australian GDP growth slowed to an average annual rate of 3.3% in Q2 from 3.6% in Q1 and 3.7% a year earlier. Looking forward, growth is forecast to continue to slow before picking up again mid next year. Queensland gross state product is also forecast to slow from 2.1% in 2022 to 0.3% and 1.3% respectively in 2023 and 2024.

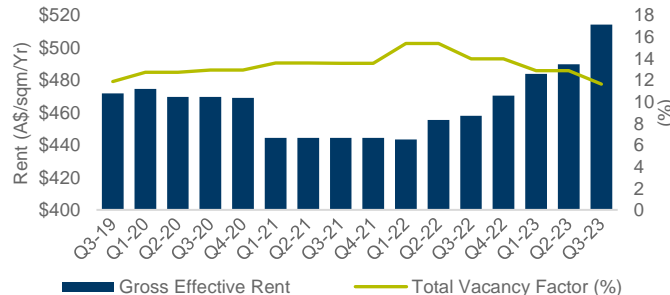
SUPPLY AND DEMAND

There is no planned supply for the Brisbane CBD in 2023 however there are three major developments under construction. The 45,000 sqm development at 205 North Quay is fully committed with delivery slated for Q4 2024. 360 Queen is expected to be completed in H1 2025, with pre-commitments of 9,000 sqm by BDO, 6,300 sqm from HoppoodGanim Lawyers, 4,700 sqm from HSF and QIC recently committing to circa 10,000 sqm. Demolition has been completed and siteworks are underway at Dexus's Waterfront Brisbane, with the north tower expected to reach practical completion in 2028. Major precommitments to date include Deloitte, Minter Ellison and Gadens for 12,900 sqm, 6,500 sqm and 4,500 sqm respectively. Demand in the CBD is expected to hold strong with continued positive net absorption, following 71,000 sqm in the 12 months to July. Amidst limited supply and much of the future pipeline being already committed, these conditions are expected to remain in the near term.

RENTS

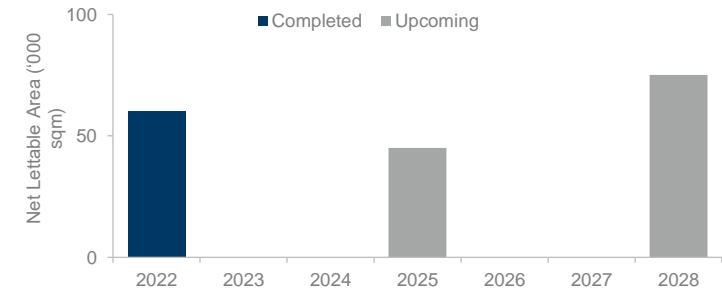
Cushman & Wakefield agents have noted that a lack of supply has pushed an increase in gross face rents across all grades in 2023 in the Brisbane CBD. In Q3 Premium gross face rents were up 13.7% year on year (Y-o-Y) ranging from \$985 to \$1085 to average \$1,035 per sqm per annum (sqm pa), A-grade gross face rents are up 9.0% Y-o-Y ranging from \$775 to \$840 to average \$805 sqm pa and B-grade was up 7.3% Y-o-Y, averaging \$680/sqm pa with a range of \$660 to \$705. Gross incentives have decreased slightly in Q3 with Premium between 37% and 40%, A-grade 39% to 45% and B-grade 42% to 46%, representing an average Q-o-Q decline of 100bps. With outgoings stable, slightly reduced incentives have allowed for strong effective rental growth. Notably, Premium grade gross effective rents are up 15.6% Y-o-Y to average \$635 sqm pa and A-grade at \$465 sqm pa, up 10.9% Y-o-Y. With limited supply coming to market over the next 3 years it is expected that tightening vacancy will continue to place upward pressure on rents whilst also placing downward pressure on incentives.

PRIME GROSS EFFECTIVE RENT & VACANCY (6 MONTHLY)



Source: PCA; Cushman & Wakefield Research

SUPPLY PIPELINE: NEW DEVELOPMENTS & MAJOR REFURBS



Source: Cushman & Wakefield Research; PCA

ECONOMIC INDICATORS Q2 2023

Q1 23 Q2 23 12-Mo. Forecast

GDP Growth (National)* **3.6%** **3.3%** ▼

State Final Demand Growth (QLD)* **3.2%** **2.9%** ▼

Unemployment (QLD)† **3.9%** **3.6%** ▲

*Average annual growth rate, †Seasonally adjusted
Source: ABS; Deloitte Access Economics; Cushman & Wakefield Research

Office Q3 2023

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANCY RATE	UNDER CONSTRUCTION (SQM)	GROSS EFFECTIVE RENT		
				A\$/SQM/YR	US\$/SQM/YR	EUR/SQM/YR
Premium	395,275	4.4%	120,000	635	410	385
A-Grade	990,134	15.8%	43,700	465	300	280
Prime *	1,385,391	12.5%	163,700	515	330	310
B-Grade	721,553	9.9%		380	245	230
Brisbane CBD Total^	2,356,662	11.6%	163,700			

*Prime Grade is a combination of Premium and A Grade

^All-Grades - As at 28/03/2023

AUD/USD = 0.6425; AUD/EUR = 0.6033 as at 22 September 2023

RECENT KEY LEASING TRANSACTIONS

PROPERTY	SUBMARKET	TENANT	SQM	LEASE TYPE
123 Albert Street	CBD	Boeing	12,056	Direct
111 Eagle Street	CBD	Earnst & Young	7,500	Renewal
300 George Street	CBD	Glencore	4,268	Direct

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANTS	SQM	COMPLETION DATE
205 North Quay	CBD	Services Australia	43,700	Q4 2024
360 Queen Street	CBD	BDO	45,000	Q2 2025
1 Eagle Street	CBD	Deloitte	75,000	2028

Source: Cushman & Wakefield Research

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